

Message Text

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ACTION NEA-16

INFO OCT-01 EUR-25 ISO-00 IO-14 AEC-11 AID-20 CEA-02

CIAE-00 CIEP-03 COME-00 DODE-00 EB-11 FEAE-00 FPC-01

H-03 INR-11 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07

RSC-01 SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00

FRB-03 PA-04 PRS-01 USIA-15 SAJ-01 SAB-01 NIC-01

DRC-01 /210 W

----- 007091

R 211250Z AUG 74

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 7866

INFO AMEMBASSY MOSCOW

C O N F I D E N T I A L TEHRAN 7048

E.O. 11652: GDS

TAGS: ENRG, IR, UR

SUBJECT: SOVIET/IRAN GAS AGREEMENT

REF/ TEHRAN 6861 AND 6890

1. EMBASSY HAS PICKED UP A LITTLE BACKGROUND CONCERNING EVENTS LEADING TO SUCCESSFUL RESOLUTION OF SOVIET/IRAN GAS PRICE DISPUTE. TAGHI MOSSADEHI, MANAGING DIRECTOR, NIOC, SAID PRIVATELY THAT HE HAD BEEN HOLDING THE LINE FOR THE PRICE WHICH IRAN HAD PUBLICLY ANNOUNCED AS THEIR UNILATERALLY ESTABLISHED LEVEL, I.E., 62 CENTS PER 1000 CUBIC FEET. RUSSIANS REFUSED TO GO THAT HIGH. IN ATTEMPT TO BREAK THE IMPASSE, THEY WENT TO SEE THE SHAH AND COMPLAINED BITTERLY ABOUT MOSSADEHI'S HARD-NOSED ATTITUDE AND INTRANSIGENT NEGOTIATION POSITION. ACCORDING TO MOSSADEHI, RUSSIANS APPARENTLY HOPED THAT HE WOULD BE REMOVED FROM THE NEGOTIATIONS. AFTER MOSSADEGHI GAVE SHAH HIS VERSION OF EVENTS AND DESCRIBED HIS STAUNCH DEFENSE
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OF IRANIAN POSITION, SHAH THEN CALLED THE RUSSIANS BACK

AND TOLD THEM TO WORK OUT A COMPROMISE WITH MOSSADEGHI. HE APPARENTLY WAS GIVEN INSTRUCTIONS PERMITTING SOME RETREAT FROM THE 61-CENT PRICE LEVEL AND THEY QUICKLY ARRIVED AT THE "85 PERCENT INCREASE" FIGURE WHICH HAS BEEN ANNOUNCED.

2. MOSSADEGHI INDICATED THAT THE RUSSIAN MOTIVES FOR ARRIVING AT THIS COMPROMISE RELATE PRIMARILY TO THEIR DESIRE FOR A GREATLY INCREASED SUPPLY OF GAS FROM IRAN AND SOME HOPES OF RUSSIAN EXPLORATION EFFORTS IN IRAN.

3. FONMIN KHALATBARI INDICATED IN REPLY TO QUESTION FROM AMBASSADOR ON AUGUST 19 HIS CONVICTION THAT RUSSIANS HAD SETTLED PRIMARILY BECAUSE THEY WANTED TO GET ON WITH THE TRIPARTITE IRAN-FRG-SOVIET UNION GAS DEAL.

4. THE AMERICAN HEAD OF THE OPERATION AND MAINTENANCE TEAM FOR THE GAS LINE TO RUSSIAN INFORMED US THAT AS OF AUGUST 22, THE PIPE LINE WOULD BE SHUT DOWN FOR ABOUT FIVE DAYS FOR BADLY NEEDED MAINTENANCE AND REPAIR. THIS HAS NO RPT NO RELATIONSHIP TO THE GAS PRICE HASSLE AND HAD BEEN SCHEDULED FOR SOME MONTHS. HE WENT ON TO ADD THAT DISASTERS SIMILAR TO THE EXPLOSION OF THE PIPE LINE WHICH RECENTLY CLOSED IT DOWN FOR SIX DAYS WILL PROBABLY RECUR BUT HE WAS CONFIDENT THAT IRANIAN REPAIR TEAMS WOULD BE ABLE TO REPAIR BREAKS EVEN MORE QUICKLY IN THE FUTURE.
HELMS

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